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Federal Communications Commission
Office of Secretary

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

Assessment of Presubscribed
Interexchange Carrier Charges
on Public Payphone Lines

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96-262

CCB/CPD 98-34

COMMENTS OF THE SBC COMPANIES

SBC Communications Inc. (SBC), on behalf of Southwestern Bell Telephone Company (SWBT), Pacific Bell, and Nevada Bell and pursuant to the Public Notice issued May 4, 1998 by the Federal Communications Commission (Commission), hereby responds to the questions contained therein.

COMMENTS

Question One

(1) We seek comment on all issues raised in the following letters to Common Carrier Bureau representatives: (a) Letter from John H. Goida, President, Teleconcepts Inc., to A. Richard Metzger, Jr., Chief, Common Carrier Bureau, Federal Communications Commission, April 17, 1998. (b) Letter from Larry Kay, National Operator Services, to A. Richard Metzger, Jr., Chief, Common Carrier Bureau, Federal Communications Commission, April 22, 1998. (c) Letter from Stephen H. Loberbaum, General Counsel, ONCOR Operator Communications, Inc., to A. Richard Metzger, Jr., Chief, Common Carrier Bureau, Federal Communications Commission, April 22, 1998. (d) Letter from William M. Waldron, Boston Telecommunications Company, to Jane Jackson, Chief, Competitive Pricing Division, Common Carrier Bureau, Federal Communications Commission, April 22, 1998.

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The relevant issues raised by the letters are addressed in questions (2) thru (6) below. SBC reserves the right to respond to any issues that others may attempt to add to this proceeding.

Question Two

(2) Does the Commission's existing rule governing collection of the PICC, 47 C.F.R Section 69.153, permit price cap LECs to impose PICC charges for LEC public payphone lines and, if not, whether the rule should be amended to provide explicitly for assessment of PICCs on public payphone lines?

The Presubscribed Interexchange Carrier Charge (PICC) as described in 47 C.F.R. Section 69.153, recovers (via a charge to the end users' presubscribed interexchange carrier (IXC)) the common line revenues permitted under the price cap rules in Part 61 that cannot be recovered by the end user common line (EUCL) charge, the residual interconnection charge, and marketing expenses. The EUCL charge is assessed upon end users that subscribe to local exchange telephone service or CENTREX service and providers of public telephones. The EUCL charge is assessed for each line between the premises of an end user (or public telephone location), and an end office that is or may be used for local exchange service transmissions.

Sections 69.152 and 69.153 allow a PICC to be assessed to each subscriber line that is assessed an EUCL. This method allows for recovery of LEC common line costs. The type of EUCL assessment (i.e., residential, single-line business, multiline business) determines the PICC. Thus, the SBC Companies assess a multiline business PICC to public payphone lines since they are assessed that type of EUCL. There is no need to amend the rule to explicitly provide for public payphone lines.

Question Three

(3) Assuming that price cap LECs are permitted to assess PICC charges on public payphone lines, should the PICC be: (a) charged to the presubscribed 1+ carrier; (b) charged to the presubscribed 0+ carrier; (c) imputed to the LEC's payphone unit as an end user; (d) split evenly between the 1+ and 0+ PIC; or (e) prorated among all IXCs that carry calls originating from a particular payphone each month? Commenters may also propose other alternative methods for allocating the public payphone PICC.

The PICC should be assessed to all public payphone lines just as the EUCL. The PICC was developed to recover a portion of the interstate common line revenues, which were previously recovered by the Subscriber Line Charge (SLC or EUCL) and the Carrier Common Line (CCL) charges. This new charge is to be assessed to the "Presubscribed Interexchange Carrier", which is the 1+ carrier for the majority of LEC end users, and which is the usual beneficiary of the Commission's access rate structure reform. In the payphone industry, however, the 1+ carrier is not the key beneficiary of this reform, but it is the 0+ carrier that receives this benefit and which should be assessed the PICC.

The Commission has further clarified that the PICC should be assessed on the interstate interLATA carrier when there is both a PIC for interstate intraLATA traffic and for interstate interLATA traffic. The Commission determined that dividing the PICC between two IXCs would "create an unnecessary administrative burden that would outweigh any minimal benefit".¹ The administrative burden in scenarios (d) and (e) above would be phenomenal and would, in practice, fail to alleviate the concerns of those

¹ Access Charge Reform, CC Docket 96-262, Second Order on Reconsideration and Memorandum Opinion and Order, (FCC 97-368) (rel. Oct. 9, 1997) at para. 18.

who filed the above referenced letters, since they wish to be relieved of the obligation to pay charges which are being assessed to them by their IXCs.

Question Four

(4) Should all public payphones be charged the multiline business PICC, or should some public payphones, such as those that constitute the only telephone line at a given location, be charged the single-line business PICC?

The Commission established the PICC based on the definition of subscriber lines, (i.e. single-line business lines are assessed the single-line business PICC, multiline business lines are assessed the multiline PICC, and so forth).² By following this methodology and as referenced in the SBC Companies' Access Service Tariffs,³ multiline business EUCLs are assessed when an end user is provided more than one local business exchange service in a state and when local exchange service is provided for use with payphone service.

The nature of the payphone industry also justifies assessing the multiline PICC. There are many types of payphones: private payphones, public payphones and semi-public payphones. All offer varieties of service but there are few, if any, instances to SBC's knowledge, in which a payphone owner, whether a LEC or private owner, will have only one payphone line in a state. While it is accurate that a payphone may be the only telephone at a given location it does not eliminate the "in a state" portion of the definition. Thus, the multiline business PICC is correctly assessed on the payphone subscriber line.

² Access Charge Reform, CC Docket No. 96-262, First Report and Order, (FCC 97-158) (rel. May 16, 1997) at paras. 55, 59.

³ SWBT Tariff FCC No. 73, paras. 3.3.3 D and 4.3.1 D; Pacific Bell Tariff FCC No. 128, paras. 3.7 D and 4.6 D; and Nevada Bell Tariff FCC No. 1, paras. 3.8 D and

Question Five

(5) Do policy reasons, practical considerations, or other factors suggest that price cap LECs should be permitted to assess PICCs on the LEC's public payphone lines that are different in amount, or collected from a different party, from those assessed on privately-owned payphones?

SWBT, Pacific Bell and Nevada Bell assess PICCs in a consistent manner across all types of public payphones, by utilizing the multiline business PCCC rate. While the PCCC is assessed to the 1+ carrier for other subscriber lines (i.e. residential), the payphone situation is different in that the 0+ carrier carries the great majority of, if not all, interstate traffic from the payphone line. Most transient users of payphone service making long distance calls, for instance, will do so by making 0+ calls such as credit card calls, collect calls or bill to third number calls. Thus, the 0+ carrier receives the benefit of the reduced per-minute charges resulting from Access Charge Reform and should pay the PCCC.

Question Six

(6) To what degree could imposition of PCCC charges on any of the parties listed in Question (3), above, cause reductions in the availability of public payphone services, increases in rates, or reduction in competition for interstate, interLATA traffic originating from public payphones?

Speculation as to the impact to those referenced in (3) above is only relevant if the IXC chooses to assess a PCCC to their customer, the payphone provider. Imposition of PCCC charges in addition to per minute charges by the IXC (without making the corresponding per minute rate reductions received as a result of Access Charge Reform) could have significant impacts on all consumers.


CONCLUSION

For the foregoing reasons, the SBC Companies respectfully request that they be allowed to continue to assess the PICC charge in the manner described herein.

Respectfully submitted,

SBC COMMUNICATIONS INC.
SOUTHWESTERN BELL TELEPHONE COMPANY
PACIFIC BELL
NEVADA BELL

By



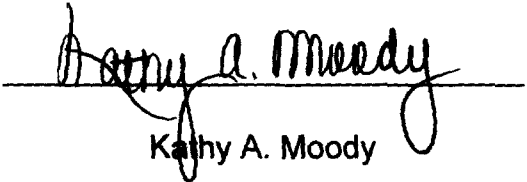
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May 26, 1998

CERTIFICATE OF SERVICE

I, Kathy A. Moody, hereby certify that "Comments of SBC Companies" in CCB/CPD 98-34 have been served on May 26, 1998, to the Parties of Record.


Kathy A. Moody

May 26, 1998

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